



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 20, 2006

H.R. 5092

Bureau of Alcohol, Tobacco, Firearms, and Explosives (BATFE) Modernization and Reform Act of 2006

As ordered reported by the House Committee on the Judiciary on September 7, 2006

SUMMARY

H.R. 5092 would authorize the Bureau of Alcohol, Tobacco, Firearms, and Explosives (BATFE) to impose civil fines for violations of firearms laws. It also would change the procedures BATFE uses to approve applications for firearms licenses and how the agency prosecutes license violations. Finally, the bill would require administrative law judges to review certain BATFE actions.

CBO estimates that implementing H.R. 5092 would cost about \$50 million over the 2007-2011 period, assuming appropriation of the necessary amounts. Enacting the bill could affect revenues, but CBO estimates that any such effects would not be significant. H.R. 5092 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 5092 is shown in the following table. The costs of this legislation fall within budget function 750 (administration of justice).

| | By Fiscal Year, in Millions of Dollars | | | | |
|---|--|------|------|------|------|
| | 2007 | 2008 | 2009 | 2010 | 2011 |
| CHANGES IN SPENDING SUBJECT TO APPROPRIATION | | | | | |
| Estimated Authorization Level | 7 | 10 | 11 | 12 | 12 |
| Estimated Outlays | 7 | 10 | 11 | 12 | 12 |

BASIS OF ESTIMATE

CBO estimates that implementing H.R. 5092 would cost about \$50 million over the 2007-2011 period. For this estimate, CBO assumes that the necessary amounts will be appropriated near the start of each fiscal year and that spending will follow historical patterns for similar activities. In addition, CBO estimates that enacting the bill would have an insignificant effect on revenues.

Spending Subject to Appropriation

H.R. 5092 would require administrative law judges to review BATFE actions that are disputed by firearms licensees and applicants, including suspensions and revocations of licenses, denials of applications, and fines. BATFE has 23 field divisions in the United States and the agency expects it would need to hire 20 judges to review actions in these divisions. Based on information from BATFE, CBO expects that annual costs for each administrative law judge would total about \$325,000, including salaries, benefits, and support expenses. Thus, we estimate that costs relating to administrative law judges would total \$6.5 million a year when fully implemented in 2008.

BATFE also expects that it would need to hire one attorney for each field division, mostly to prepare for hearings before administrative law judges. Based on a cost of about \$160,000 per attorney, including salaries, benefits, and support expenses, CBO estimates that it would cost nearly \$4 million annually for the additional attorneys when fully implemented in 2008. In addition, we expect that BATFE would spend about \$2 million in 2007 for enhanced computer systems, mostly to record the new civil fines and implement the new administrative procedures that would be established by H.R. 5092.

Revenues

BATFE currently lacks the authority to impose civil fines on violators of firearms laws. Under the provisions of H.R. 5092, such violators could be subject to civil fines, so the federal government might collect additional fines if the legislation is enacted. Civil fines are recorded as revenues and deposited in the Treasury. CBO expects that any additional revenues would not be significant because the bill would limit the amount of penalties that could be imposed on violators.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 5092 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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